

PROFITING FROM THE POOR

Thousands of Poor Patients Face Lawsuits From Nonprofit Hospitals That Trap Them in Debt

Across the country, low-income patients are overcoming stigmas surrounding poverty to speak out about nonprofit hospitals that sue them. Federal officials are noticing. Help us keep the pressure on.

by Maya Miller and Beena Raghavendran, Sept. 13, 2019, 5 a.m. EDT



Social worker Raquel Nelson was sued for \$2,200 by Methodist Le Bonheur Healthcare, a Memphis, Tennessee-based nonprofit that brought more than 8,300 lawsuits against patients for unpaid medical bills over five years. (Andrea Morales for MLK50)

This article was produced in partnership with MLK50, which is a member of the ProPublica Local Reporting Network.

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Over the past few months, several hospitals have announced major changes to their financial assistance policies, including curtailing the number of lawsuits they file against low-income patients unable to pay their medical bills.

Investigative reports have spurred the moves, and they prompted criticism from a top federal official.

“We are learning the lengths to which certain not-for-profit hospitals go to collect the full list price from uninsured patients,” Seema Verma, the administrator of the Centers for Medicare and Medicaid Services, told board members of the American Hospital Association on Tuesday, according to published remarks. “This is unacceptable. Hospitals must be paid for their work, but it’s actions like these that have led to calls for a complete Washington takeover of the entire health care system.”

In June, ProPublica published a story with MLK50 on the Memphis, Tennessee-based nonprofit hospital system Methodist Le Bonheur Healthcare. It brought more than 8,300 lawsuits against patients, including dozens against its own employees, for unpaid medical bills over five years. In thousands of cases, the hospital attempted to garnish defendants’ paychecks to collect the debt.

After our investigation, the hospital temporarily suspended its legal actions and announced a review. That resulted in the hospital raising its workers’ wages, expanding its financial assistance policy and announcing that it would not sue its lowest-income patients. “We were humbled,” the hospital’s CEO, Michael Ugwueke, told reporters.

The same month, NPR reported that Virginia’s nonprofit Mary Washington Hospital was suing more patients for unpaid medical bills than any hospital in the state. Dr. Marty Makary, a surgeon at Johns Hopkins University, and fellow researchers had documented 20,000 lawsuits filed by Virginia hospitals in 2017 alone. The research team found that nonprofit hospitals more frequently garnished wages than their public and for-profit peers.

In mid-August, The Oklahoman reported that dozens of hospitals across the state had filed more than 22,250 suits against former patients since 2016. Saint Francis Health System, a nonprofit that includes eight hospitals, filed the most lawsuits in the three-year span.

In the first week of September, The New York Times reported that Carlsbad Medical Center in New Mexico had sued 3,000 of its patients since 2015. That report was also based on findings from Makary, who just published the book “The Price We Pay: What Broke American Health Care — and How to Fix It.”

And this week, Kaiser Health News and The Washington Post chronicled how Virginia’s state-run University of Virginia Health System sued patients more than 36,000 times over a six-year span.

There is no federal law mandating that nonprofit hospitals provide a specific amount of charity care, nor is there readily accessible data measuring how aggressively each hospital pursues patients for unpaid bills. But consumer advocates say the revelations in recent coverage on hospitals’ litigation practices are troubling.

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“It’s dismaying to see how common it is,” said Jenifer Bosco, an attorney with the National Consumer Law Center who helped craft a Model Medical Debt Protection Act.

Nearly half of the nation’s 6,200 hospitals are nonprofits, meaning they are exempt from paying most local, state and federal taxes in return for providing community benefits.

But the issue of nonprofit hospitals engaging in aggressive debt collection practices that push the very communities they are designed to assist into poverty isn’t new.

In 2014, ProPublica reported on a small Missouri hospital that filed 11,000 lawsuits over a five-year span. In response, Sen. Chuck Grassley, R-Iowa, opened an investigation, and the hospital forgave the debts owed by thousands of former patients.

In 2003, The Wall Street Journal detailed how Yale-New Haven Hospital in Connecticut had pursued a patient’s widow to pay off his late wife’s 20-year-old medical bills. The hospital canceled the debt following the article.

“Some of these things are really outrageous,” said Jessica Curtis, a policy expert with Community Catalyst who helped draft billing protections for patients in the Affordable Care Act. “There are really aggressive tactics being used and little consideration or understanding for how those tactics actually impact people.”

Grassley, chairman of the Senate Finance Committee, sent a letter to the commissioner of the Internal Revenue Service in February to renew his inquiries into whether nonprofit hospitals provide sufficient community benefits to qualify for tax breaks.

Since publishing our story on Methodist hospital in Memphis, we’ve continued to work with communities in the city to better understand the toll these lawsuits are taking.

resonates with the community, and we hope to report back on that soon.

In the meantime — and we tell this to every person we can — these stories are stronger and more accurate when people who’ve been sued share their experiences with us. **Hearing from more people who have been sued can help us hold more institutions accountable.**

If you’ve been sued by a nonprofit hospital or physician group, we want to hear from you. If you work or have worked for an organization that takes

unusually aggressive legal action against people unable to pay, we'd also like to hear from you.

This questionnaire is no longer receiving responses.

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